FSM HOLDINGS LIMITED

DIRECTORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2020

Company Registration No: C46654

Contents

Accounts

The directors present the annual report and audited consolidated financial statements for the year ended 31 December 2020.

Principal activity

The principal activity of the company is that of a holding company.

Results

The group registered a loss for the year after tax of €51,698 (2019: profit of €307,986) and the company registered a loss for the year of €3,113 (2019: profit of €289,118). The results for the year are shown in the consolidated statement of comprehensive income on page 3.

Dividends

An interim dividend of €Nil (2019: €28,500) has been paid during the year.

Directors

The directors of the company are:

Centric Holdings S.A.
Kenneth Micallef

Under the provisions of the company's Memorandum and Articles of Association, the present directors continue in office.

Auditors

BDO Malta have expressed their willingness to continue in office. A resolution will be submitted to the Annual General Meeting to re-appoint BDO Malta as auditors to the company.

The directors' report was approved by the board of directors and was signed on its behalf by:

Kenneth Micallef
Director

o.b.o. Centric Holdings S.A.
as director of FSM Holdings Limited

243, Naxxar Road,
Birkirkara BKR9043
Malta

16 April 2021

The Directors are required by the Companies Act, 1995 to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of each financial period and of its profit or loss for that period. In preparing the financial statements, the Directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the European Union

- selecting and applying appropriate accounting policies

- making accounting estimates that are reasonable in the circumstances

- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining internal controls relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Companies Act 1995. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 DECEMBER 2020

		Group		Company	
		2020	2019	2020	2019
	Notes	€	€	€	€
Turnover	4	1,219,600	2,759,156	-	-
Other income		5,460	98,446	3,826	98,446
Expenditure	5	(1,269,628)	(2,426,809)	(15,001)	(22,548)
Operating (loss)/profit		(44,568)	430,793	(11,175)	75,898
Investment income	7	-	-	12,506	328,074
Interest receivable	8	-	148	-	-
(Loss)/profit before taxation		(44,568)	430,941	1,331	403,972
Taxation charge	9	(7,130)	(122,955)	(4,464)	(114,854)
(Loss)/profit for the year - total comprehensive income		(51,698)	307,986	(3,133)	289,118

The accounting notes on pages 9 to 24 form part of the financial statements.

Audit report pages 25 to 27.

		Group		Company	
		2020	2019	2020	2019
	Notes	€	€	€	€
ASSETS					
Non-current assets					
Property, plant and equipment	11	266,588	358,241	-	-
Financial assets	12	-	-	640,049	640,297
Current taxation		-	-	923	924
		266,588	358,241	640,972	641,221
Current assets					
Trade and other receivables	13	411,820	567,546	799,627	801,484
Cash and cash equivalents	18	1,261,254	1,283,982	719	719
Total current assets		1,673,074	1,851,528	800,346	802,203
Total assets		1,939,662	2,209,769	1,441,318	1,443,424

The equity and liabilities section is continued on page 5.

The notes on pages 9 to 24 form part of the financial statements.

Audit report pages 25 to 27.

		Group		Company	
		2020	2019	2020	2019
	Notes	€	€	€	€
EQUITY AND LIABILITIES					
Capital and reserves					
Called up issued share capital	14	109,889	109,889	109,889	109,889
Share premium	15	585,443	585,443	585,443	585,443
Other reserves		121	121	-	-
Retained earnings		730,800	782,498	730,236	733,369
		1,426,253	1,477,951	1,425,568	1,428,701
Current liabilities					
Trade and other payables	16	309,501	455,567	15,750	14,723
Deferred taxation	17	50,982	68,716	-	-
Taxation		152,926	207,535	-	-
		513,409	731,818	15,750	14,723
Total equity and liabilities		1,939,662	2,209,769	1,441,318	1,443,424

The financial statements were approved by the Board of Directors on 16 April 2021 and signed on its behalf by:

Kenneth Micallef
Director

o.b.o. Centric Holdings S.A.
as director of FSM Holdings Limited

The accounting notes on pages 9 to 24 form part of the financial statements.

Audit report pages 25 to 27.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 DECEMBER 2020

	Share Capital	Share premium	Other reserves	Retained earnings	Total
	€	€	€	€	€
Group					
At 1 January 2019	4,000	336,693	121	534,303	875,117
Comprehensive income					
Increase in share capital	105,889	248,750	-	-	354,639
Profit for the year	-	-	-	307,986	307,986
Effect of merger	-	-	-	(31,291)	(31,291)
Dividend paid	-	-	-	(28,500)	(28,500)
At 31 December 2019	109,889	585,443	121	782,498	1,477,951
Comprehensive income					
Loss for the year	-	-	-	(51,698)	(51,698)
At 31 December 2020	109,889	585,443	121	730,800	1,426,253
Company					
At 1 January 2019	4,000	336,693	-	504,042	844,735
Comprehensive income					
Increase in share capital	105,889	248,750	-	-	354,639
Profit for the year	-	-	-	289,118	289,118
Effect of merger	-	-	-	(31,291)	(31,291)
Dividend paid	-	-	-	(28,500)	(28,500)
At 31 December 2019	109,889	585,443	-	733,369	1,428,701
Comprehensive income					
Loss for the year	-	-	-	(3,133)	(3,133)
At 31 December 2020	109,889	585,443	-	730,236	1,425,568

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 DECEMBER 2020

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Cash flows from operating activities				
Operating (loss)/profit	(44,568)	430,793	(11,175)	75,898
Adjustment for:				
Depreciation	97,292	97,131	-	-
Operating profit/(loss) before working capital changes	52,724	527,924	(11,175)	75,898
Movement in working capital				
Trade and other receivables	155,726	(92,482)	1,857	(199,555)
Trade and other payables	(146,066)	(111,338)	1,028	(333,772)
Cash generated from/(used in) operating activities	62,384	324,104	(8,290)	(457,429)
Dividend paid	-	(28,500)	-	(28,500)
Taxation paid	(79,473)	(130,696)	(4,464)	(114,854)
Interest received	-	148	-	-
Net cash (used in)/generated from operating activities	(17,089)	165,056	(12,754)	(600,783)

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 DECEMBER 2020
(continued)

	Note	Group 2020 €	Group 2019 €	Company 2020 €	Company 2019 €
Net cash (used in)/generated from operating activities		(17,089)	165,056	(12,754)	(600,783)
Cash flow from investing activities					
Dividend received from group undertakings		-	-	12,754	328,154
Investment in subsidiary		-	-	-	(50,000)
Merger with Hipo Holdings		-	(31,291)	-	(31,291)
Purchases of plant, property and equipment		(5,639)	(80,981)	-	-
Net cash (used in)/generated from investing activities		(5,639)	(112,272)	12,754	246,863
Cash flow from financing activities					
Issue of shares		-	354,639	-	354,639
Net cash generated from financing activities		-	354,639	-	354,639
Net (decrease)/increase in cash and cash equivalents		(22,728)	407,423	-	719
Cash and cash equivalents at beginning of year		1,283,982	876,559	719	-
Cash and cash equivalents at end of year	18	1,261,254	1,283,982	719	719

1. Basis of preparation of financial statements

The financial statements are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the European Union, under the historical cost convention. Consolidated financial statements have not been prepared since these are exempt by virtue of section 174 of the Companies Act, 1995.

The reporting currency used for the preparation of the financial statements is the Euro (€), which is the currency in which the company's share capital is denominated.

The preparation of financial statements in conformity with IFRSs requires the use of certain accounting estimates. It also requires directors to exercise their judgement in the process of applying the company's accounting policies (see Note 3 – Critical accounting estimates and judgements).

2. Accounting policies

2.1 Changes in accounting policies

a) New standards, interpretations and amendments effective from 1 January 2020

The following new standards, amendments and interpretations are effective for the first time in these financial statements, but none have had a material effect on the company:

	Issued on	Effective from
Amendments to References to the Conceptual Frameworks in IFRS Standards	29/03/2018	01/01/2020
Amendments to IAS 1 and IAS 8: Definition of Material	31/10/2018	01/01/2020
Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform	26/09/2019	01/01/2020
Amendments to IFRS 3: Business Combinations	22/10/2018	01/01/2020

The applications of these new standards and amendments has had no impact on the disclosures or amounts recognized in the company's financial statements.

b) New standards, interpretations and amendments as adopted by EU but not yet effective

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the company's future financial statements:

	Issued on	Effective from
Amendments to IFRS 16: COVID-related Rent Concessions	28/05/2020	01/06/2020
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2	27/08/2020	01/01/2021
Amendments to IFRS 4: Deferral of IFRS 9	25/06/2020	01/01/2021

2. Accounting policies (continued)

2.1 Changes in accounting policies (continued)

c) New standards, interpretations and amendments issued by IASB but not yet adopted by EU

	Issued on	Effective from
IFRS 17 Insurance Contracts, including amendments	18/05/2017	01/01/2023
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	23/01/2020	01/01/2023
Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020	14/05/2020	01/01/2022

The company has not early adopted all these revisions to the requirements of IFRSs and the company's management is of the opinion that there are no requirements that will have a possible significant impact on the company's financial statements in the period of initial application.

d) New standards, interpretations and amendments issued by IASB but not adopted by EU

- IFRS 14 Regulatory Deferral Accounts (issued on 30/01/2014, effective from the year beginning 01/01/2016) – European Commission has decided not to endorse the standard
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between Investor and its Associate or Joint Venture (issued on 11/09/2014, effective from the year beginning 01/01/2016) – postponed indefinitely by European Commission

2.2 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services and is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Determining the timing of the transfer of control - at a point in time or over time - requires judgement.

The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

Step 1: Identify the contract with the customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contracts
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is recognised from concessionaires and marketing services. Revenue from concessionaires and marketing services is recognised in the accounting period in which services are rendered, based on the fact that the amount of revenue can be measured reliably and the company receives consideration.

Revenue is recognised at a point in time as the revenue is calculated at the end of each business day.

2. Accounting policies (continued)

2.3 Foreign currencies

The financial statements of the company are presented in its functional currency, the Euro (€), being the currency of the primary economic environment in which the company operates.

2.4 Taxation

The charge for current tax is based on the taxable income for the year. The taxable result for the year differs from the result as reported in the statement of comprehensive income because it excludes items which are not assessable or disallowed and it further excludes items that are taxable and deductible in other years. It is calculated using tax rates that have been enacted or substantially enacted by the statement of financial position date.

Deferred income tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets are recognised only to the extent that future taxable profit will be available such that realisation of the related tax benefits is probable. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

2.5 Share capital and dividends

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The company's ordinary shares are classified as equity instruments.

Dividend distribution to the company's shareholders is recognised as liability in the company's financial statements in the year in which the dividends are approved by the company's shareholders.

2.6 Property, plant and equipment

Tangible assets are stated at historical cost less depreciation. Depreciation is calculated on the straight-line method to write off the cost of the assets to their residual values over their estimated useful life as follows:

	%
Computer hardware	25
Electronic software and equipment	12.50
Furniture and fittings	12.50

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

On disposal of a tangible asset, the difference between the net disposal proceeds and the carrying amount of the asset, is charged or credited to the profit and loss account.

2. Accounting policies (continued)

2.7 Financial assets

The company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The company has not classified any of its financial assets as held to maturity.

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

2.8 Financial liabilities

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings - Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest method unless the cost of discounting is immaterial.

2. Accounting policies (continued)

2.9 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and the default or delinquency in payment are considered indicators that the debtors are impaired. When a debtor is uncollectible, it is written off against the profit and loss account. Subsequent recoveries of the amounts previously written off are credited in the income statement.

2.10 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.11 Deferred taxation

Deferred income tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets are recognised only to the extent that future taxable profit will be available such that realisation of the related tax benefit is probable.

2.12 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

2.13 Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk) credit risk and liquidity risk. The financial risks relate to the following financial instruments: debtors, cash and cash equivalents and trade and other creditors. The accounting policies with respect to these financial instruments are described above.

Risk management is carried out by the director under policies approved at the AGM. The director identifies and evaluates financials risks in close co-operation with the company's operating units. The director provides principles for overall risk management.

The reports on the risk management are produced periodically to the key management personnel of the company.

(a) Market risk

(i) Price risk

The Company has no significant exposure to the market risk with respect to its operating income.

2. Accounting policies (continued)

2.13 Financial risk management (continued)

(ii) Cash flow and fair value interest rate risk

The company's cash flow and fair value interest rate risk is periodically monitored by the directors. The cash flow and fair value risk policy is approved by the directors.

Receivables and trade and other payables are interest free and have settlement dates within one year.

A sensitivity analysis is normally based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated – for example, change in exchange rates and change in market values.

In the case of the company it provides for the worst scenario by making full provisions for all investments held and hence profits or losses cannot be subjected to a sensitivity analysis that could shed any light on the effect of potential changes in market price.

(iii) Foreign exchange risk

Foreign exchange risk arises because the company has operations located in various parts of the world whose functional currency is not the same as the functional currency in which the company is operating. Foreign exchange risk also arises when the company enters into transactions denominated in a currency other than their functional currency.

Certain assets of the company comprise amounts denominated in foreign currencies. Similarly, the company has financial liabilities denominated in foreign currency. In general, the company seeks to maintain the financial assets and financial liabilities in each of the foreign currencies at a reasonably comparable level, thereby providing a natural hedge against foreign exchange risk.

(b) Credit risk

The company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the company is exposed to credit risk are:

- Cash and cash equivalents;
- Receivables.

The company seeks to manage this risk by placing cash with quality financial institutions.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash flow for operations. The company manages its' risk to shortage of funds by monitoring forecast and actual cash flows.

2. Accounting policies (continued)

2.13 Financial risk management (continued)

The company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations.

All of the company's current financial liabilities at 31 December 2020 are due within 3 months from year-end since they are trade and other payables.

2.14 Capital management

The company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations.

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts.

2.15 Fair value estimation

Cash and cash equivalents, debtors and trade and other creditors mainly have short times to maturity. For this reason, their carrying amounts at the reporting date approximate the fair values.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

4. Turnover

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Analysed as follows:				
Concessionaires	231,521	1,322,551	-	-
Marketing services	988,079	1,436,605	-	-
	1,219,600	2,759,156	-	-

5. Expenditure

Sales and promotion expenses

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Depreciation for the year	97,293	97,131	-	-
Revenue share - Equipment providers	213,461	300,388	-	-
Marketing services	30,000	10,000	-	-
Other sales and promotion	464,286	1,083,597		
Technical support	8,713	38,261	-	-
Wages and salaries	216,316	482,045	-	-
	1,030,069	2,011,422	-	-

Administrative expenses

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Audit fee	23,134	22,508	3,658	3,068
Consultancy fees	58,130	184,420	-	-
Exchange difference	45,017	(3,221)	-	-
Directors fees	11,498	5,984	2,714	1,770
Other administrative expenses	101,780	205,696	8,629	17,710
	239,559	415,387	15,001	22,548
	1,269,628	2,426,809	15,001	22,548

6. Staff cost and employees information

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Wages and salaries	216,316	482,045	-	-

During the year under review, the group employed on average 51 employees (2019: 35 employees).

7. Investment income

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Dividend from group undertakings	-	-	12,754	328,154
Impairment provision on investment	-	-	(248)	(80)
	-	-	12,506	328,074

8. Interest receivable

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Bank interest receivable	-	148	-	-

9. Taxation

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Current tax expense	24,864	132,258	4,464	114,854
Deferred tax expense	(17,734)	(9,303)	-	-
	7,130	122,955	4,464	114,854

9. Taxation (continued)

The tax on the (loss)/profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
(Loss)/profit before tax	(44,568)	430,941	1,331	403,971
Tax on (loss)/profit at applicable rate	(9,298)	151,905	466	141,390
Tax effect of:				
Expenses not deductible for tax	5,250	11,098	5,250	7,892
Income not subject to tax	(1,339)	(34,456)	(1,339)	(34,456)
Prior year tax adjustment	975	-	-	-
Temporary difference not provided for	11,542	(5,592)	87	28
Tax charge	7,130	122,955	4,464	114,854

10. Dividends per share

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Dividends paid on ordinary shares	-	28,500	-	28,500
Dividends per share	-	0.26	-	0.26

11. Property, plant and equipment Group

	Computer hardware	Equipment software	Furniture and fittings	Machinery and equipment	Total
	€	€	€	€	€
Cost					
At 1 January 2019	3,636	33,975	54,012	645,131	736,754
Additions	1,294	2,625	11,348	65,712	80,979
At 31 December 2019	4,930	36,600	65,360	710,843	817,733
Depreciation					
At 1 January 2019	2,853	17,518	15,539	326,451	362,361
Charge for year	755	4,903	8,175	83,298	97,131
At 31 December 2019	3,608	22,421	23,714	409,749	459,492
Cost					
At 1 January 2020	4,930	36,600	65,360	710,843	817,733
Additions	-	-	690	7,189	7,879
Disposal	-	-	-	(2,240)	(2,240)
At 31 December 2020	4,930	36,600	66,050	715,792	823,372
Depreciation					
At 1 January 2020	3,608	22,421	23,714	409,749	459,492
Charge for year	676	4,903	7,796	85,876	99,251
	-	-	-	(1,959)	(1,959)
At 31 December 2020	4,284	27,324	31,510	493,666	556,784
Net book value					
At 31 December 2020	646	9,276	34,540	222,126	266,588
At 31 December 2019	1,322	14,179	41,646	301,094	358,241

12. Financial assets

	Company	
	Shares in group undertakings	
	2020	2019
	€	€
Cost		
At 1 January	640,297	590,377
Addition	-	50,000
Provision for impairment losses	(248)	(80)
At 31 December	640,049	640,297

The group undertakings as at 31 December 2020 are shown below:

Group undertakings

Name and registered office	Class of shares	% holding
Playseas Limited (C44977) 243, Naxxar Road, Birkirkara BKR 9043, Malta	Ordinary shares	100%
Playseas Cruises (C63357) 243, Naxxar Road, Birkirkara BKR 9043, Malta	Ordinary shares	100%

Indirect subsidiaries included in these consolidated financial statements are disclosed in the Note 21.

13. Trade and other receivables

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Trade receivables	211,869	307,508	-	-
Amount due from the subsidiary	-	-	694,685	635,235
Other receivables	122,745	167,894	102,272	163,625
Prepayments and accrued income	68,187	88,758	2,670	2,624
VAT recoverable	9,019	3,386	-	-
	411,820	567,546	799,627	801,484

The amounts owed by related parties are unsecured, interest-free and have no fixed date of repayment.
The company has applied ECL policy to the trade receivables amount. The Company has established a credit policy of Net 15 and no historical default loss rates exist. Due to characteristics of its business, there is limited exposure to credit risk and each client is examined separately for recognizing any doubtful allowance.

14. Share capital

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Authorised:				
109,887 'A' ordinary shares of €1 each	109,887	109,887	109,887	109,887
2 'B' ordinary share of €1 each	2	2	2	2
	109,889	109,889	109,889	109,889
Issued and fully paid up:				
109,887 'A' ordinary shares of €1 each	109,887	109,887	109,887	109,887
2 'B' ordinary share of €1 each	2	2	2	2
	109,889	109,889	109,889	109,889

The holders of ordinary “A” shares shall have the right (i) to receive notice of and to attend all General Meetings of the Company and (ii) to vote on all Ordinary and Extraordinary Resolutions of the Company. The holders of ordinary “B” shares shall have the right to receive notice of and to attend all General Meetings of the Company but shall not have the right to vote on any resolutions.

The holders of ordinary “A” shares shall have the right to receive dividends and to participate in the profits of the Company. The holders of ordinary “B” shares shall not have the right to receive any dividend or to participate in the profits of the Company.

15. Share premium

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
At beginning and at end of year	585,443	585,443	585,443	585,443

16. Trade and other payables

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Due within one year				
Trade payables	154,092	195,663	10,036	6,295
Accruals	76,351	74,774	5,714	6,658
Directors fees	10,231	6,254	-	1,770
Amounts owed to related parties	57,523	50,083	-	-
Other payables	11,304	128,793	-	-
	309,501	455,567	15,750	14,723

The amounts due to related parties are unsecured, interest-free and have no fixed date of repayment.

17. Deferred taxation

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
At beginning of year	68,716	78,019	-	-
Debited to income statement	(17,734)	(9,303)	-	-
At end of year	50,982	68,716	-	-

17. Deferred taxation (continued)

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 35% (2019: 35%). The year end deferred tax balance is made up as follows:

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Net book value on tangible assets	49,827	68,736	-	-
Unrealised exchange differences	1,155	(20)	-	-
	50,982	68,716	-	-

18. Cash and cash equivalents

For the purpose of the cash flow statement, the year-end cash and cash equivalents comprise the following:

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Cash at bank and on vessels	1,261,254	1,283,982	719	719
	1,261,254	1,283,982	719	719

19. Related party transactions

Transactions entered into with other group undertakings, and with companies with common beneficial shareholders, are considered to be related party transactions. Balances with related parties at year end consisted of the following:

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Due from subsidiary (Note 13)	-	-	694,685	635,235
Due to related parties (Note 16)	57,523	50,083	-	-
Directors fees (Note 16)	10,231	6,254	-	1,770

20. Statutory information

FSM Holdings Limited is a limited liability company and is incorporated in Malta.

The parent and ultimate parent company of FSM Holdings Limited is Centric Holdings S.A., a listed company registered in Greece, with its registered address at 20 Makrigianni St., 183 44, Athens, Greece. Copies of consolidated financial statements can be obtained from its registered office.

In the opinion of the directors, there is no ultimate controlling party of the group.

21. Consolidated entities

These financial statements contain the consolidated results of the following companies:

FSM Holdings Limited (C 46654)
243, Naxxar Road, Birkirkara,
BKR 9043 Malta

Playseas Limited (C 44977)
243, Naxxar Road, Birkirkara,
BKR 9043 Malta

Playseas Cruises Limited (C 63357)
243, Naxxar Road, Birkirkara,
BKR 9043 Malta

Playseas Single Member Private Company – 100% subsidiary of Playseas Limited
Leoforos Irakiou number 385,
Municipality of N. Iraklio, Greece

22. Material effect on business of Corona Virus

The recent outbreak of Covid-19 pandemic is expected to affect most sectors of the global economy. The entity's business activity has suffered a negative impact, having seen a decrease on Cruise liners. The major cost of the company, which is the attributable revenue to the equipment providers as per revenue share agreements, fluctuates in proportion with the total revenue and thus it will not cause liquidity issues. All personnel placed on the vessels are not receiving any remuneration if the vessel is not in operation. The entity is in good liquidity position to cover the annual fixed costs which are mainly related to key personnel fees. In addition to this, the entity does not have external debt. In line with this, the directors do not expect any issues with respect to going concern.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of FSM Holdings Limited

Report on the Audit of the Financial Statements

We have audited the consolidated and stand-alone financial statements of FSM Holdings Limited (the «Company») with its subsidiary (the «Group») set out on pages 3 to 24, which comprise the consolidated and stand-alone statements of financial position as at 31 December 2020, the consolidated and stand-alone statements of comprehensive income, the consolidated and stand-alone statements of changes in equity, and the consolidated and stand-alone statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2020, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRSs) and have been prepared in accordance with the requirements of the Companies Act, 1995 (Cap. 386).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Directors' Report, we also considered whether the Directors' Report includes the disclosures required by Article 177 of the Maltese Companies Act, 1995 (Cap. 386). Based on the work we have performed, in our opinion:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Maltese Companies Act, 1995 (Cap.386).

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report. We have nothing to report in this regard.

Responsibilities of the Directors

As explained more fully in the Statements of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the consolidated and stand-alone financial statements that give a true and fair view in accordance with EU IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and stand-alone financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and stand-alone financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and stand-alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of FSM Holdings Limited
(continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the directors, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Under the Maltese Companies Act, 1995 (Cap. 386) we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- The information given in the directors' report is not consistent with the financial statements.
- Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

We have nothing to report to you in respect of these responsibilities.

BDO Malta
Certified Public Accountants
Registered Audit Firm

Triq It Torri
Msida MSD 1824
Malta

16 April 2021

DETAILED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 DECEMBER 2020

		Group		Company	
		2020	2019	2020	2019
	Schedule	€	€	€	€
Turnover					
Marketing services		988,079	1,436,605	-	-
Concessionaires		231,521	1,322,551		
Other income		5,460	98,446	3,826	98,446
		1,225,060	2,857,602	3,826	98,446
Expenditure					
Sales and promotion	I	(1,030,069)	(2,011,422)	-	-
Administrative	II	(239,559)	(415,387)	(15,001)	(22,548)
Operating (loss)/profit		(44,568)	430,793	(11,175)	75,898
Investment income	III	-	-	12,506	328,074
Interest receivable	IV	-	148	-	-
Loss/profit before taxation		(44,568)	430,941	1,331	403,972

I Sales and promotion expenses

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Advertising	79,010	27,000	-	-
Computer consumables	351	332	-	-
Creative services	2,092	1,647	-	-
Depreciation for the year	97,293	97,131	-	-
Insurance	(415)	54,966	-	-
Revenue Share - Equipement providers	213,461	300,388	-	-
Licenses of equipment	94,785	79,350	-	-
Marketing services	30,000	10,000	-	-
Repairs and maintenance	13,949	20,218	-	-
Revenue Share - Ship owners	107,802	661,242		
Technical support	8,713	38,261	-	-
Transport cost	15,510	27,713	-	-
Travel and accomodation	48,830	65,161	-	-
Staff expenses	17,336	48,276	-	-
Scrap equipment	-	474	-	-
Wages and salaries	216,316	482,045	-	-
Re-charged wages and salaries	49,258	14,987		
Operational expenses	145	-		
Office expenses	-	3,932	-	-
Other cost of sales	35,633	78,299	-	-
	1,030,069	2,011,422	-	-

II Administrative expenses

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Accountancy fee	26,946	31,377	4,248	4,248
Audit fee	23,134	22,508	3,658	3,068
Bank charges	2,791	6,857	-	1,333
Consultancy fees	58,130	184,420	-	-
Discount	2	1	-	-
Realised exchange difference	39,942	1,483	-	-
Unrealised exchange difference	5,075	(4,704)	-	-
Fines and penalties	-	46	-	-
Financial expenses	181	163	-	-
General expenses	2,117	1,967	-	-
Internet expenses	190	39	-	-
Interest paid	74	2,104	-	-
Legal and professional fees	27,620	145,326	5,911	12,776
Other administrative expenses	13,903	17,715	-	-
Postage and courier	130	1,228	42	92
Printing and stationery	50	1,513	-	59
Registration fee	1,800	1,710	600	510
Rent	1,632	1,634	542	462
Stolen money	35,842	-	-	-
	239,559	415,387	15,001	22,548

III Investment income

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Dividend from group undertakings	-	-	12,754	328,154
Impairment provision on investment	-	-	(248)	(80)
	-	-	12,506	328,074

IV Interest receivable

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Bank interest receivable	-	148	-	-